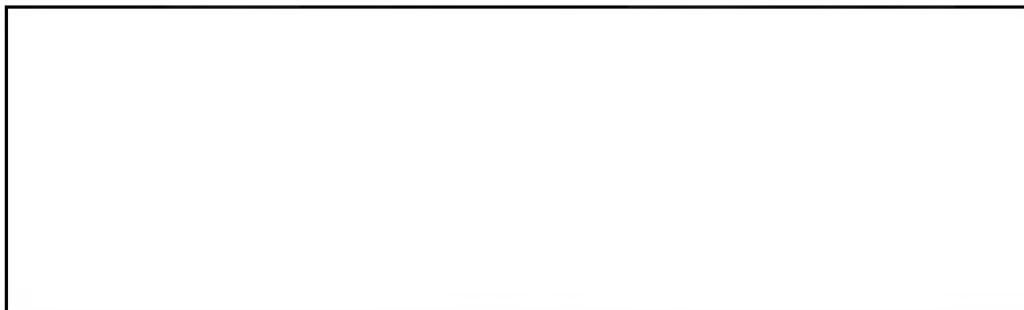


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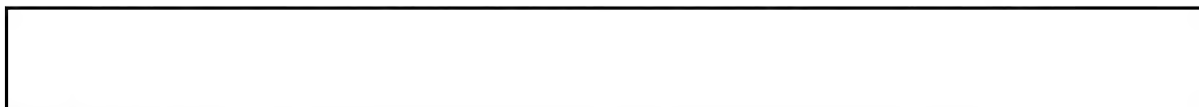
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French Communists Move Slowly Toward Joining
European Labor Confederation

A fight is shaping up within European trade union circles over the request of the Communist-dominated French labor federation (CGT) to join the European Trade Union Confederation. The crucial test is likely to come over whether or not the CGT will agree to modify its relationship with the Communist international, the WFTU, as the Italian Communist federation (CGIL) did before being admitted to the European grouping.

Given the strong traditional links between French Communists and Moscow, there has been greater resistance to CGT membership in the ETUC than to the affiliation of the more independent CGIL, which obtained "associate" status in WFTU. Labor observers in Brussels nevertheless foresee eventual admission of the CGT also, if it follows the Italian lead.



Talks between the ETUC and the CGT, recommended by an ETUC meeting in December, were in fact authorized by the ETUC executive committee last week and may take place in Geneva next month. In order to avoid any sign of willingness to

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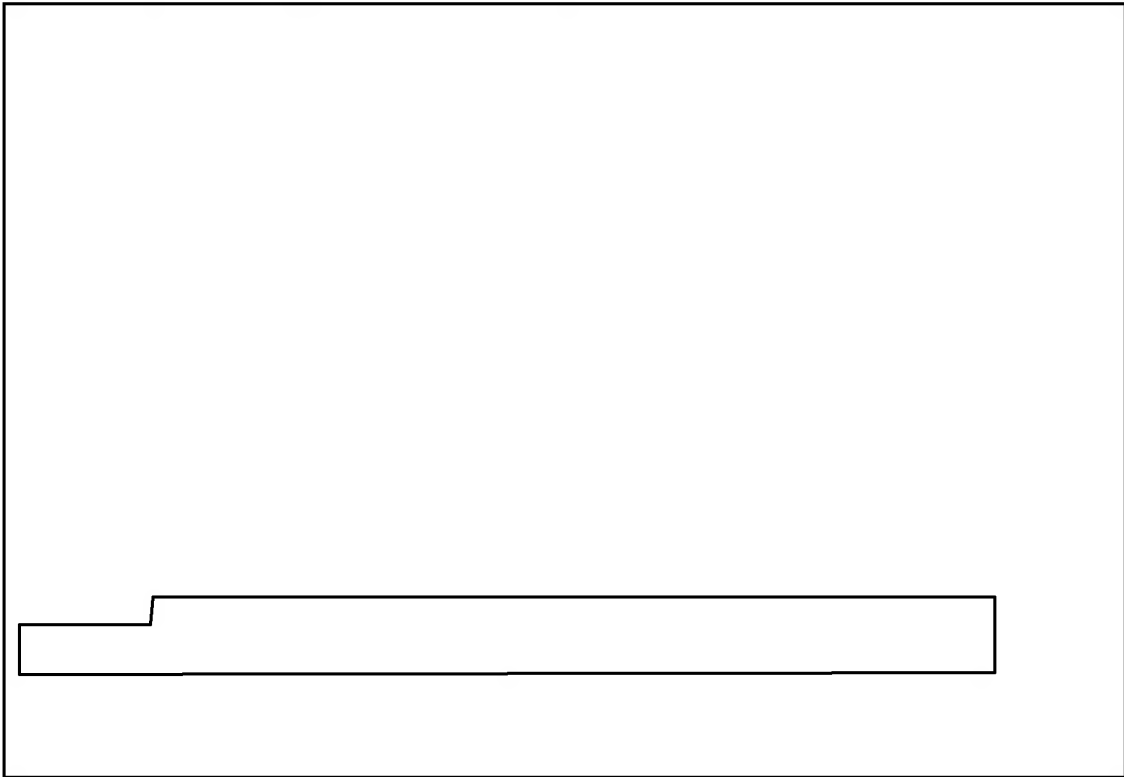
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"negotiate" with the CGT, the leader of the Italian Christian Democratic-dominated CISL, Bruno Storti, successfully insisted that ETUC officials would not be accompanied by leaders of several unions sympathetic to CGT membership in the talks with the French. Questions related to the CGT application are nevertheless on the agenda.

The attitude of the large West German labor federation, the DGB, is likely to be a major factor in the debate over CGT membership. Opponents of the CGT have been counting on the Germans, but there are growing doubts about the DGB's tenacity. The Germans gave in easily on CGIL membership last year and DGB leader Vetter, who is also president of the ETUC, warmly received Soviet labor leader Shelepin during his recent visit to West Germany.

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Portugal Sets Date for Election

Portuguese President Costa Gomes announced yesterday that constituent assembly elections will be held on April 12, two weeks within the deadline promised by the Armed Forces Movement last April.

According to the program of the Armed Forces Movement, the constituent assembly will convene within 15 days after the election. The delegates must consider and approve a constitution within 90 days. If the assembly cannot meet that deadline, its session may be prolonged another 90 days by the President. If it fails to approve a constitution in the second session, elections for a new constituent assembly will be held within 60 days. If a constitution is approved, the assembly will disband and a date for general elections--assuming the constitution calls for them--will be set.

The turnout for the elections promises to be heavy, with 6.1 million registered to vote. The new electoral law, passed late last year, makes all citizens over 18 eligible to vote, as well as emigrants who have been away from the metropole less than five years.

The law also requires that political movements must present a list of at least 5,000 supporters before they can be legalized as political parties by the Supreme Court and run candidates for the constituent assembly. The Communist Party, the center-left Popular Democratic Party, and the center-right Social Democratic Center have been fully legalized. The Communist-dominated Portuguese Democratic Movement and the Socialist Party have presented their signatures and are awaiting formal court recognition. The Popular Monarchist Party, a small center-left group, has announced it will present its signatures by the end of this week.

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25X1 This will be the first election in 50 years to offer voters a broad choice, but the democratic spirit has been dampened by some Movement leaders who announced they would intervene if the election results are not to their liking. The Movement is working on legislation to define its future role in Portuguese politics and is also expected to play an influential role in the drafting of the constitution.

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Spanish Government Reportedly Concerned About
Challenge to its Authority

The Arias government claims it is being submitted to a political challenge of a "subversive character" and has announced that it is prepared to meet this challenge with stern measures.

The cabinet issued a tough statement on the maintenance of public order last weekend which was amplified in a press interview by Information Minister Herrera. He noted that the government has sufficient means at its disposal to respond to this challenge and will not yield under pressure. Herrera said that sufficient measures have been taken to assure public order but acknowledged that the government had not yet considered declaring a state of exception. Such a declaration gives the government special powers of arrest and censorship and has been used in the past to curb widespread unrest.

Recent developments which may be contributing to the defensive posture of the government, in addition to general labor and student unrest are:

--unconfirmed rumors that General Franco's health may have deteriorated in the past week or so;

--rumors of cabinet dissension over how to handle pressing problems, along with rightist demands that Prime Minister Arias act to restrict activities of new political associations;

--recent terrorist demonstrations especially in the Basque area;

--uncovering last week of an alleged ring of Trotskyite and Basque terrorist activities; and

--the appeal hearing yesterday before Spain's supreme court on the "Carabanchel Ten" Communist labor leaders.

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The latter case has often been used by the opposition to illustrate the inequities of Spanish justice and the general lack of labor freedom in Spain. The case concerns ten Communist labor leaders held in Carabanchel prison, who were sentenced to 12-20 years in 1973 for unlawful assembly and membership in the illegal Workers Commissions. Defense lawyers yesterday asked for a retrial, charging among other things, that no proof of an illegal meeting was offered in the first trial.

Police broke up a large demonstration at the prison earlier this week in support of the imprisoned labor leaders and made 57 arrests, including two Italian newsmen who were trying to film the event. Riot police dispersed 200 students who attempted a demonstration yesterday outside the Supreme Court.

Defense lawyers believe the Supreme Court will probably commute substantially the original sentences. Such reductions could diminish tensions over this case and alleviate criticism of the government for its hard line against labor and student unrest. The court's decision is expected within 15 days.

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EC Energy Council

The EC Council will hold a special meeting on Thursday to consider ways of attaining the 1985 target figures for energy consumption and supply agreed to last December. Commission officials have been working with representatives of the member states to reach agreement on meaningful community policies, as criticism continues to mount that the initiative in the energy field has been taken over by the US-led International Energy Agency (IEA).

Some member-state officials, the French in particular, as well as Commission officials, feel that on its own all that the community has been able to achieve have been general guidelines; solid EC commitments have been reached only within the IEA context.

Although specific differences exist among EC members on several of the Commission's proposals, at the heart of the community's slow progress in the energy field is a fundamental gap between the German and French approaches to the community energy market. Paris prefers a dirigiste approach that would impose direct controls over factors which influence consumption and supply, while Bonn wants to use market forces to prod the community toward fulfillment of its energy goals. This difference is evident in the two countries' attitudes toward the question of protecting investments in energy sources other than imported oil. France would give guarantees to firms that invest in new energy techniques; Bonn favors use of rules that establish price levels for energy production.

The community has also been thrashing out rules for sharing energy in the event of supply shortages. The eight EC members that are IEA members--France is not--are already committed to

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sharing energy through the IEA. French participation in an EC sharing agreement would give Paris almost all the benefits of IEA membership, with none of the anti-Arab political overtones which the French have maintained IEA membership entails.

At the Thursday meeting, the community will probably not settle the basic political differences involved in protecting energy investments and emergency oil-sharing, but should make progress on technical issues. The Council will probably agree to:

- rules for consumption and production of coal, and price guarantees to assure future production;
 - rules for increased use of nuclear energy for electrical power; and
 - reduced use of petroleum products in power plants.
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ANNEX

Socialists, Independent Republicans, and Gaullists
Strive to Become Number One

Political meetings held earlier this month in France serve as a reminder that the process of regrouping begun after the presidential election last May continues unabated. It is increasingly evident that competition is intensifying within Giscard's majority composed of Gaullists, Centrists and his own Independent Republicans and within the Socialist-Communist Alliance on the left.

The Socialists

The annual congress of the Socialist Party at Pau provided a forum for Francois Mitterrand to consolidate his control of the party. The meeting was colored by the conflict that has arisen within the Socialist Party in the wake of the current quarrel with the Communists. Although Mitterrand avoided an exchange of polemics with the Communists, he made it clear that close cooperation in the future between the two major parties of the Left Alliance requires the Communists to end their anti-Socialist campaign. Responding to Communist criticism of Socialist interpretations of the two parties' common program, he declared, uncompromisingly, "The common program also belongs to us. We are coproprietors."

A left-wing Socialist group called CERES has long advocated closer cooperation with rank-and-file Communists and proposed a resolution to that effect at Pau. The sound defeat of the CERES resolution considerably strengthened Mitterrand and other party moderates.

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The CERES left-wing also forced Mitterrand's hand on a difficult decision concerning the composition of the Socialists' 12-member secretariat-- a body that meets weekly to make most of the party's national policy decisions. Since 1971, CERES has had 3 representatives on the secretariat. During the past year, the left-wing group increased its strength at the national congress from 18-20 percent to 25 percent. CERES vociferously propounds a "revolutionary" image of the Socialist Party, while Mitterrand and the majority of members argue that the Socialists should be a "reformist" party. The moderates are worried by the expansion of left-wing influence and prior to the Congress at Pau there were calls from the right-wing of the party for a complete split with the radicals.

Mitterrand had to decide whether he could continue to tolerate the activities of a movement that probably aims at an eventual takeover of the secretariat or whether he should oust the faction, thereby leaving an active and possibly vindictive minority cut off from national policy-making and perhaps encouraging schism. His decision to deny the left-wing representation on the secretariat was probably influenced by two factors: the belief that French society is not yet ready for the "revolutionary" approach of the left-wing, and the need for a unified party command at a time of delicate relations within the Left Alliance.

Mitterrand's action has not eliminated the possibility of a party split, but it may have afforded the secretariat the largest scope for maneuver. The new secretariat is composed almost entirely of persons close to Mitterrand and the purge of the fractious left-wing from the party's day-to-day political direction should strengthen Mitterrand's control. On the other hand, he has opened the door to accusations that the Socialist Party is "sliding to the right," a charge that Communist and CERES leaders have lost no time in making. This vocal left minority, many of whose tenets parallel those of the Communists, will make it more difficult for Mitterrand to respond to Communist criticism.

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The decisions taken at Pau have reinforced Communist suspicions of their Socialist allies. Rene Andrieu, editor of L'Humanite and leading Politburo member, has already called for Communist autonomy from the Socialists. He raised again the specter of the Socialists "using" the Alliance to increase their strength, and deserting it to join a center-left coalition government under President Giscard. Mitterrand's scornful rejection of the idea at Pau did little to allay Communist fears and Andrieu accused him of keeping his options open on the issue. A recent poll shows that 59 percent of Socialist voters favor joining a Giscard government without the Communists.

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The Independent Republicans

In their fourth national convention since being founded by Valery Giscard d'Estaing in 1966 the Independent Republicans elected Michel Poniatowski their new president. Poniatowski took over the office vacated by Giscard at President Pompidou's request in early 1974.

The raison d'etre of the Independent Republicans was to propel Giscard into the presidency. Since his election last May, the party has stagnated. Giscard and Poniatowski must have decided that the time has come for an all-out effort to build the party into the core of a new centrist majority.

Poniatowski, immediately announced two ambitious new targets for the party: to become a "true gathering of the people" and to increase in strength until it becomes the most important party in France. He spoke wistfully of a powerful confederation of the center grouped around the Independent Republicans and of forming a new majority for Giscard.

Poniatowski, in a tough address to the assembled delegates, declared that there was no room in the party for those who would not wholeheartedly support the president's reform policies. He served notice that the split between the "liberal reformers" of the party and the "liberal conservatives" would no longer be tolerated. The Independent Republicans have an image of being a conservative and exclusive club. As if to show their determination to alter that image, they elected young and ambitious leaders to head the party--only Poniatowski is over 50. Poniatowski has his work cut out for him in changing the party which, proportionately, gave fewest votes of all to Giscard's recent abortion reform bill.

The Gaullists

At a meeting of the Central Committee last weekend, Prime Minister Chirac secured and enlarged his authority over the Gaullist

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party. Gaullist militants who oppose his leadership had their representation reduced on the 28-member party executive. As is becoming customary when the tough young prime minister acts, there were howls of protest from the victims and accusations of mafia techniques (it was claimed that Chirac had circulated a list of his "preferred" candidates before the vote).

The Central Committee reaffirmed its allegiance to Giscard and unanimously expressed complete support for Chirac.

Chirac does not admit publicly to any rivalry between himself and Poniatowski or between the Gaullist and Independent Republican parties. Privately, however, he reaffirmed to his Central Committee that the Gaullists should remain the number one party of the majority.

There are few who doubt now that Chirac will continue as Secretary General of the party which he has done so much to revitalize.

The election of Poniatowski once again highlights the built-in rivalry between himself--as Giscard's right-hand man--and Prime Minister Chirac. Poniatowski's move was probably influenced by Chirac's take-over of the Gaullists last December and the apparent resurgence of that party. Interestingly, each consulted the other and was "encouraged to proceed" before taking over his respective party.

The seeds are thus sown for significant discord within the presidential majority as the small (65 seats in the National Assembly) Independent Republicans take on the task of surpassing the still dominant (174 seats) Gaullists.

Rivalry in Giscard's Majority

Poniatowski and Chirac are wily politicians, however, and their futures are tied, at least in the short run, to President Giscard. They will not wish to threaten his majority and there will probably be no disruptive rivalry

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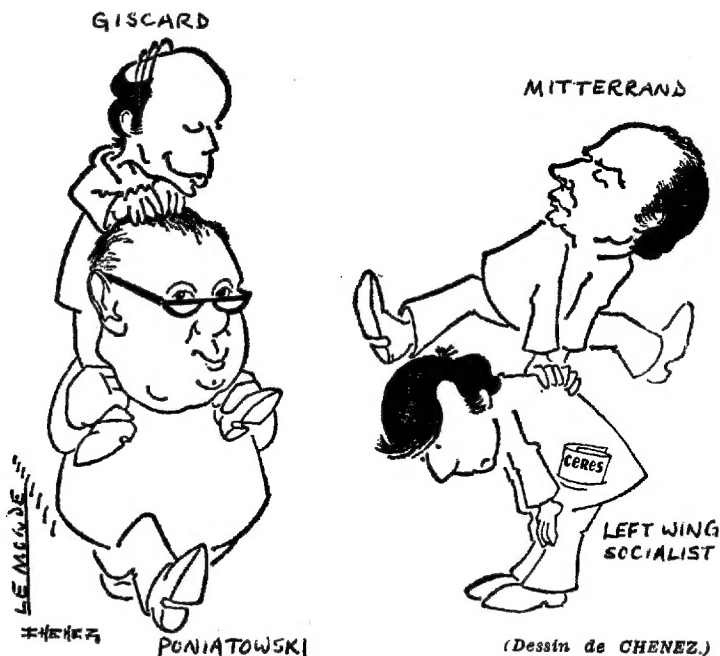
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between the parties until the next legislative election, which Poniatowski asserted would not be held before the scheduled date in March 1978. Although the Independent Republicans will go all out to increase their representation at that time, the rivalry will most likely be held in bounds, at least until the 1981 presidential race. [REDACTED]

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